

TAB 58

Matrix Expense Report

Client: Jockeys' Guild, Inc.

June 2001 – December 2004

**Submitted by:
Lisa Stirling Haley
September, 2005**

To the best of my knowledge, the following outlines a current understanding of the Matrix Expenses directly benefiting the Jockeys' Guild, Inc. from June, 2001 through December, 2004.

Matrix Capital Associates
Client: The Jockeys' Guild
June, 2001 - December 2004

Year

	DATE	CHECK №	PAYEE	AMOUNT
2001				
	27-Sep-01	129	Mike Curry	2,000.00
	10-Dec-01	148	A. Fiss	2,596.88
	21-Dec-01	121	George Panossian	2,000.00
	31-Dec-01	161	Richmar Consulting	3,500.00
	31-Dec-01	162	J. Gaston	10,000.00
	31-Dec-01	166	A. Fiss	11,211.80
	31-Dec-01	165	Jockeys' Guild	10,000.00
	25-Jan-02	173	L. Ownbey	1,000.00
2002	27-Jan-02	175	Richmar Consulting	750.00
	6-Feb-02	184	Prospero Consultants	3,000.00
	27-Feb-02	207	Alice Galstian	1,000.00
	27-Mar-02	219	Prospero Consultants	3,511.00
	8-Apr-02	227	Prospero Consultants	3,081.00
	7-May-02	245	Chestnut East 140	5,100.00
	13-May-02	250	Prospero Consultants	3,395.00
	15-May-02	253	Richmar Consulting	1,500.00
	2-Aug-02	306	Prospero Consultants	3,081.05
	10-Aug-02	308	Chestnut East 140	1,700.00
	16-Sep-02	331	A. Fiss	6,000.00
	18-Sep-02	340	Prospero Consultants	3,000.00
	18-Sep-02	341	Richmar Consulting	3,000.00
	27-Sep-02	362	George Panossian	1,000.00
	17-Oct-02	371	Prospero Consultants	3,000.00
	20-Nov-02	406	Prospero Consultants	3,000.00
	17-Dec-02	434	Prospero Consultants	3,000.00
	31-Dec-02	456	Farrell Gertmenian	3,000.00
	31-Dec-02	457	Prospero Consultants	3,000.00
	31-Dec-02	455	L.S. Haley	1,000.00
	28-Dec-02	449	T. Brondum	5,916.72
	31-Dec-02	467	A. Fiss	30,000.00
	3-Jun-02	261	Prospero Consultants	3,000.00
	3-Jul-02	294	Prospero Consultants	3,000.00
	25-Jan-02	173	L. Ownbey, esq	1,000.00
	27-Jan-02	175	Richmar Consulting	750.00
	18-Feb-02	193	Richmar Consulting	750.00
	5-Apr-02	224	Richmar Consulting	750.00
	10-May-02	249	F. Lee	2,000.00
	5-Jun-02	264	F. Lee	2,000.00
	24-Jul-02	297	F. Lee	2,000.00
	17-Aug-02	313	F. Lee	2,000.00
	18-Nov-02	400	Farrell Gertmenian	2,000.00
	8-Dec-02	427	Farrell Gertmenian	6,000.00
	18-Feb-02	193	Richmar Consulting	750.00
	10-Apr-02	228	F. Lee	4,000.00
	17-Jun-02	275	S.J. Rice	2,254.65
	24-Jul-02	296	S.J. Rice	2,835.81
	19-Aug-02	318	Farrell Gertmenian	2,000.00
	18-Sep-02	342	S.J. Rice	2,730.92
	24-Sep-02	354	S. Ekstrand	1,500.00
	17-Oct-02	372	S.J. Rice	2,585.38
	13-Nov-02	390	F. Lee	2,107.70
	20-Nov-02	412	S.J. Rice	2,500.00

Year	DATE	CHECK №	PAYEE	AMOUNT
	25-Nov-02	413	Cobra Pro	612.00
	8-Dec-02	420	F. Lee	1,961.40
2003	18-Dec-02	440	F. Lee	1,831.11
	4-Feb-03	515	MAIP	2200.00
	6-Feb-03	520	F. Gertmenian	3500.00
	16-Feb-03	525	Richmar Consulting	3000.00
	2/29/03	551	Richmar Consulting	1500.00
	26-Mar-03	565	Scoop, Inc.	3000.00
	13-Apr-03	597	Richmar Consulting	1200.00
	24-Apr-03	612	Scoop, Inc.	3000.00
	5-May-03	616	Ruth Facia	2750.00
	30-May-03	638	Scoop, Inc.	3000.00
	10-Jul-03	655	Scoop, Inc.	3000.00
	15-Jul-03	669	Ruth Facia	3300.00
	15-Jul-03	670	Chestnut East 140	5100.00
	7-Aug-03	676	Scoop, Inc.	3000.00
	13-Aug-03	681	B. Biersdorf	5500.00
	20-Aug-03	687	Scoop, Inc.	3000.00
	21-Aug-03	690	F. Lee	3655.00
	5-Sep-03	202	Richmar Consulting	2250.00
	15-Oct-03	229	Ruth Facia	3300.00
	15-Oct-03	230	Chestnut East 140	5100.00
	24-Nov-03	712	J. Thompson	5000.00
	5-Dec-03	713	Richmar Consulting	2860.00
	15-Sep-03	28	Scoop, Inc.	3000.00
	17-Sep-03	36	Galliger Benefits	1224.00
	15-Oct-03	228	Scoop, Inc.	3000.00
	10-Nov-03	63	Scoop, Inc.	3000.00
	12-Dec-03	86	Scoop, Inc.	6000.00
	30-Oct-03	697	Don Peppe's	3000.00
2004	15-Jan-04	728	Ruth Facia	3300.00
	15-Jan-04	729	Chestnut 140 East	5100.00
	14-Apr-04	765	Ruth Facia	3300.00
	14-Apr-04	766	Chestnut 140 East	5100.00
	15-Apr-04	768	B. Beiersdorf	3100.00
	20-Jan-04	793	Richmar Consulting	5470.90
	26-Jun-04	799	Ruth Facia	1100.00
	26-Jun-04	800	Chestnut 140 East	3300.00
	8-Aug-04	821	Richmar Consulting	1500.00
	8-Aug-04	822	Chestnut 140 East	6400.00
	7-Oct-04	843	Chestnut 140 East	6400.00
	28-Nov-04	855	Chestnut 140 East	6400.00
	30-Nov-04	873	B. Beiersdorf	2000.00
	31-Dec-04	875	Fiss Consulting	1000.00
	31-Dec-04	877	Fiss Consulting	15000.00
	31-Dec-04	878	Richmar Consulting	750.00
	13-Jan-04	115	L. S. Haley	1000.00
	15-Jan-04	123	Scoop, Inc.	3000.00
	15-Jan-04	124	J. Thompson	6000.00
	20-Jan-04	125	F. Gertmenian	3000.00
	14-Jun-00	126	Travel Expense Reimbur	2898.93
	12-Feb-04	185	Scoop, Inc.	3000.00
	9-Mar-04	203	Travel Expense Reimbur	3096.48
	23-Mar-04	221	E. South	3000.00
	26-Mar-04	239	Scoop, Inc.	3000.00
	8-Apr-04	250	F. Gertmenian	1326.00
	13-Apr-04	264	Scoop, Inc.	3000.00

Year

DATE	CHECK №	PAYEE	AMOUNT
15-Apr-04	268	L.S. Haley	1000.00
5-May-04	279	G. Asatryan	1531.36
10-May-04	288	J. Thompson	3000.00
18-May-04	295	Scoop, Inc.	3000.00
1-Jun-04	302	Scoop, Inc.	10000.00
28-Jun-04	309	Scoop, Inc.	3900.00
28-Jul-04	316	Scoop, Inc.	3500.00
29-Jul-04	323	J. Thompson	2500.00
8-Aug-04	330	Scoop, Inc.	3500.00
4-Oct-04	337	Scoop, Inc.	3500.00
28-Oct-04	344	Scoop, Inc.	3250.00
2-Nov-04	351	L.S. Haley	5000.00
23-Nov-04	358	Scoop, Inc.	3500.00
28-Jul-04	358	Wells Fargo Auto	499.99
27-Sep-04	362	Wells Fargo Auto	499.99
23-Oct-04	371	Wells Fargo Auto	499.99
25-Oct-04	372	Wells Fargo Auto	499.99
31-Dec-04	389	Wells Fargo Auto	499.99

TAB 59

L. Wayne Gertmenian, Ph.D.

Professor of Economics

B.A., University of Southern California; M.B.A., University of Idaho; Ph.D., University of Southern California

Phone: (310) 568-5553

FAX: (310) 568-2303

E-Mail: wayne.gertmenian@pepperdine.edu

Dr. Gertmenian served the Nixon and Ford administrations as a chief detente negotiator in Moscow for the chairman of the National Security Council, as an emissary to Teheran for the Secretary of Commerce, and as a special assistant to the Secretary of Housing and Urban Development. Today, he is a distinguished professor at two universities in China and advises Russian leaders on a free market economy. He has served on the board of directors of the West Coast Bancorp, the Medi-Globe Foundation, and the Near East Foundation. His experience also includes service as the chief operating officer of the nation's leading fresh food processor and host of a talk show on business, economics, and finance. He is the author of the *Economath Primer* and the nationally marketed audiotape series, *Everything's Negotiable*. Dr. Gertmenian was a co-founder of the California Philharmonic Orchestra and the Disabled Jockeys' Endowment, and currently serves the national Jockeys' Guild as its lead negotiator in its struggle with the horseracing industry to improve conditions of safety.

I. ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Principal Teaching Field(s): Economics

University of Southern California, Ph.D.

1975

Dissertation: "The Economics of Education in the Urban Ghetto"

A. Professional Qualifications

1992-1998

Sunwest Bank

Director

B. 1988-1990

KIEV Radio

Radio Talk Show Host

C. 1977-1981

Ready Pac, Inc.

Executive Vice-President, Chief Operating Officer

D. 1974-1976

US Government, Executive Branch

Special Assistant to the Secretary of Housing and Urban Development
Foreign Emissary for the Secretary of Commerce
Detente Negotiator for the National Security Council

II. CONTINUING INTELLECTUAL DEVELOPMENT AND RENEWAL ACTIVITIES

1. Books (or Book Chapters) in Preparation.

Winter 1998. Draft preparation of "The Bible on Leadership", an eight-volume audiotape series on Biblical teachings for executives. Values-centered Leadership

Winter 1998. Draft preparation of "Verbal Pursuit", an eight-volume audiotape series on vocabulary for executives. Values-centered Leadership

2. Academic/Practitioner Meeting Tutorials Presented and Executive Development Seminars Given.

"Market Economy Fundamentals" seminar. Moscow, Russia. The 37th Seminar was completed at Moscow Aviation Institute in July 2004. Developed upon the request of Russian Government leaders to provide leading Business Professionals, Government Leaders, Academic Leaders, and select students with the knowledge necessary to lead their country in a Free Market world. Each seminar is geared to the particular audience and involves 100 contact hours.

Russia at the Crossroads, Moscow, Russia. October 1998. Sponsored by TACIS. Presentation to 50 top Russian business executives. Two-hour lecture on structural problems in the Russian economy and self-dependent reforms.

Everything's Negotiable, Malibu, CA. Each February (1990-2001). Eight-hour workshop on Negotiation skills geared to business professionals. Significant global orientation.

Only One Superpower, Irvine, CA. September 1997. A review of America's role in the post-cold-war era, focusing on the economic development of increasingly interdependent world markets. One-hour presentation to Pepperdine University Executive Partners and Alumni.

Unisys Corporation, International Banking Information Systems and Technology Division. Cote d'Azul, France. June 1996. Keynote Speaker and lead workshop presenter, "Information and the Global Economy." Four-hour presentation on the importance of information as a new factor of production in the economic development of the European Union in the Global Age.

3. Other Formal Presentations Involving Significant Preparation.

China with Dr. G, A Traveling Seminar, The People's Republic of China and Tibet. April 1990-2005. An educational adventure for Graduate students, alumni, and Business Executives. Major centers like Beijing, Shanghai, and Xian are experienced, but particular attention is paid to uncommon destinations such as Qufu (home of Confucius), Mt. Tai, The Panda Research Base in Chengdu, and the wonders of Tibet. Lectures, workshops, Meetings, and Presentations enhance the cultural and educational significance of the voyage.

Negotiation Skills for the Human Resources Manager, Malibu, CA. 1997. A two-hour presentation on negotiation skills for HR specialists. Presented to the Pepperdine University Personnel Office as part of a skills development conference.

4. New Courses (or significant new course content) developed and New Pedagogies (teaching approaches/methods/technologies) introduced.

Fall 1998. Developed and implemented innovative evaluation methodology to enhance class leadership and mutual support.

Fall 1998. Developed and implemented improved version of professor's own textbook which substantially improved the balance of time between presenting core definitional material and taking the time needed to thoroughly cover difficult concepts and applications.

Fall 1998. Developed Advanced National Income Policy Seminar for Russian Professional Audience.

Spring 1998. Developed 50 color slide presentation of core Microeconomic concepts.

Spring 1998. Developed Advanced Financial Markets Seminar for Russian Professional Audience.

Fall 1997. Developed Advanced International Negotiations Seminar for Russian Professional Audience.

Fall 1997. Adapted MBA Price Theory material to a BSM course. All aspects of course material scrutinized and revised. Adjustments made to professor's own textbook to enhance accessibility.

5. Presentations to faculty at your school discussing teaching innovations and early-stage intellectual contributions.

Winter 1998. Graziadio School of Business and Management, Adjunct Faculty Conference. Presentation on "Excellence in Teaching."

III. INTELLECTUAL CONTRIBUTIONS

A. Applied Scholarship Contributions

1. Applied Scholarship Books.

Everything is Negotiable, eight-volume audio tape series, Achievement Dynamics, Inc. June 1998 (2nd Edition). Innovative program for study of negotiations as a business tool, significant global orientation.

2. Applied Scholarship Articles Published in In-House Journals

"Crossing the Great Wall: Preparing to do business in China." Graziadio Business Report. Summer 1998. Global Orientation

3. Applied Scholarship Papers Published in Proceedings of Meetings Aimed Primarily at an Academic Audience.

"Teaching Free Market Principles to Post-Soviet Russians," (with Dr. Roy Adler) presented to the Annual Conference of the Society of Educators and Scholars. Culver City, CA, March 1998. Global Orientation

4. Applied Scholarship Papers Presented at Meetings Aimed Primarily at a Practitioner Audience.

The Magna Carta in Crisis, The Breakfast Club of Los Angeles, August 1998. One-hour presentation to Los Angeles Business Professionals. The importance of the rule of law as an economic building block.

B. Instructional Development

1. Textbooks

Economath Primer, Matrix Capital Associates, Inc. August 1998 (3rd Edition). Innovative textbook for study of economics in a business school setting. Advancement of Contemporary Business Practice

Economath Primer Russian Version, Matrix Capital Associates, Inc. June 1998 (with Nikolai Chuvakhin) (1st Edition Russian Language Text Version). Innovative textbook for study of economics in a Russian business school setting. Advancement of Contemporary Business Practice

2. Presentations to other Institutions Describing the Design and Implementation of New Courses, Course Content, and other Instructional Innovations.

Presentation to AEISIC (Academic Development Program for the CIS). Presented a comprehensive working model for the development and implementation of a new graduate level educational program for the CIS taught entirely by outstanding American faculty. Moscow, Russia. October 1998

Presentation to University-wide faculty, Moscow Aviation Institute. Presented a review and evaluation of ongoing Market Economy Fundamentals Project and its potential use in preparing Russian Professionals selected for cultural and academic exchange programs. Moscow, Russia. June 1998.

University of Phoenix, Faculty conference. Irvine, California, October 1996. Keynote Speaker and lead presenter, "Excellence in Teaching." In two-hour presentation, shared the core traits and methodologies of excellent teachers, developed a set of fundamental building blocks necessary to foster and maintain excellent teaching within an institution. Directed at business faculty and business school administrators.

IV. SUMMARY OF INTELLECTUAL DEVELOPMENT AND CONTRIBUTION RECORD

Current Courses Taught:

MBA 670: Price Theory and Industrial Policy

Summary Discussion of Intellectual Development and Contributions Record:

Significant global orientation with a focus on developing, fostering, and promoting

"Excellence in Teaching" as the single most important goal of an educational institution.

Dr. Gertmenian maintains an extensive international travel schedule that keeps on the leading edge of global markets. In particular, he has become a recognized expert on the subject of planned economies transitioning to a market economy and the important role educators can play in these developing markets. Dr. Gertmenian has sat on numerous panels, presented papers and oral presentations on the subject in this country and abroad. In addition, he is actively involved in the development, implementation, and funding of educational programs designed to promote economic growth in LDCs.

Dr. Gertmenian takes an active role in committee assignments and takes seriously his role in peer development. Excellence in Teaching is a personal and professional mission. He regularly provides presentations to academic peers, alumni groups, and university employees. The opportunity to teach in the form of these special presentations is probably the most enjoyable and valuable contribution he can make to university service.

In the community, Dr. Gertmenian regularly makes presentations to local business and civic forums. He takes members of the community abroad to expand the cultural awareness. He also hosts numerous foreign students, educators, and government officials from around the world. This activity in association with his travel and lecturing keeps him working on the leading edge of management issues and market economy structure and development in a global age.

V. SERVICE

University Service:

Dr. Gertmenian takes an active role in his committee assignments and takes seriously his role in peer development. He provides presentations to academic peers, alumni groups, and university employees as appropriate.

Other Service:

Co-Founded the California Philharmonic Orchestra. From September 1996 to Present, Founding Director. Developed business plan, conducted negotiations with labor unions, County Board of Supervisors, and local government and civic leadership. Secured funding and underwriting for two successful major venue concert seasons. Additional community outreach to young musicians and youth groups.

In the community, Dr. Gertmenian regularly makes presentations to local business and civic forums. He takes members of the community abroad to expand the cultural awareness. He also hosts numerous foreign students, educators, and government officials from around the world.

Active in the formation of a major cultural foundation in Southern California (California Philharmonic Orchestra)

Dr. Gertmenian has served on the Board of Directors of the Near East Foundation, Board of Directors of the Medi-Globe Foundation, and the building committee of the Cecilia Armenian Church.

He is a member of the Sigma Chi Fraternity-Order of Constanine and Significant Sig Awards, Confucius Institute, Qufu, Shandong Province, China and Honorary Director, Wu Township, Shandong Province, China.

TAB 60

By Marilyn Berger Washington Post Staff Writer
The Washington Post (1974-Current file); Jun 29, 1974; ProQuest Historical Newspapers The Washington Post (1877 - pg. A5)

New Agreements Build On Existing Projects

By Marilyn Berger
 Washington Post Staff Writer

The three agreements signed by the United States and the Soviet Union in Moscow yesterday essentially formalize relationships that had already been established.

The accords are in the area of energy, housing and health.

Three U.S. officials briefed reporters at the State Department on the agreements. They were closely questioned on why so much high-level attention was being accorded them.

Dr. Charles C. Edwards, assistant secretary for health of the Department of Health, Education and Welfare, who discussed the agreement on cooperation in artificial heart research, conceded: "I suppose it could have been handled much more simply."

However, he said, the agreement gave direction from the highest leaders of the two countries on where the research emphasis should be.

The agreement, a U.S. statement said, "adds an important new dimension to already existing exchanges" on heart disease which were started by the health agreement signed on May 23, 1972, at the first Nixon-Brezhnev summit.

It involves cooperative research in improving methods of diagnosis and treatment of a disease that Edwards said kills 1 million persons and incapacitates 12 million to 14 million in the United States annually.

Emphasis will be placed on joint development and testing of heart devices such as pacemakers and artificial heart valves, working toward the development of an artificial heart. Edward said the Soviet Union "is second to none" in expenditures for this kind of research. The agreement, he said, is "very meaningful from a political and scientific point of view." But he said, "It is more a political statement than a medical aid."

Head of the U.S. medical group participating in the cooperative research project will be Dr. Michael DeBakey of Baylor University, a prominent surgeon who has performed heart operations on Soviet officials.

The team will be working under the aegis of the National Heart and Lung Institute of the National Institutes of Health. In the Soviet Union the project will be headed by Dr. Valery Shumakov.

John C. Sawhill, administrator of the Federal Energy Ad-

ministration, said the agreement in the field of joint scientific and technological research and development programs in fossil fuels as well as in nonconventional sources of energy such as heat from the sun and earth and synthetic fuels.

He said the United States had much to learn from the Soviet Union in the conservation of energy through efficient use. A joint committee on energy is to be established.

The United States and the Soviet Union signed an agreement for cooperation in the field of nuclear energy earlier this year.

Sawhill said that while there already was a cooperative program the new agreement "would expedite it and give it a focus, a framework that it didn't have." The agreement, he said, builds on earlier agreements.

The Soviet Union, Sawhill said, has "committed itself on a broad basis to share information." But there are no specifics in the agreement, which Sawhill said he hoped would provide "a better assessment of how the Soviet Union fits into the world energy outlook." This would be useful as the United States moves toward independence in energy, Sawhill said.

Sawhill said the agreement does not deal with commercial discussions on Soviet energy projects such as the exploitation of Siberian natural gas.

These are being left to private firms.

He said the agreement provides for the world's two largest energy-producing and consuming nations to work cooperatively to develop energy resources and to work for conservation.

The housing agreement calls for a joint research project on construction in earthquake-prone areas. J. Wayne Gertmanian of the Department of Housing and Urban Development said the two countries hope "to reduce the consequences of earthquakes" by improving the design of shelters and by studying the "behavior of prefabricated houses in these areas."

When asked what the United States could gain from such an agreement, given the fact that the Soviet Union is not known for its excellence in housing construction, Gertmanian said that the Soviet Union could build demonstration projects on a larger scale and more quickly than the United States. If it made the decision to do so.

Gertmanian said he hoped U.S. experts would be permitted to visit earthquake-prone areas in the Soviet Union but that no specifics had been worked out. Moscow has shown considerable sensitivity about foreign visitors in these areas, some of which also happen to be the sites for nuclear tests.

TAB 61

June 1, 2003

Robert Colton
401 5th Avenue
Wilmington, DE 19808
302.584.4677

Tomey,

Attached is a petition the board should act quickly on. This will be the board's last chance to fulfill part of their responsibility. There soon will be others that will make the right decisions. I have been in contact with several state and federal agencies, in addition with my attorney, Richard Weir, a former Attorney General of Delaware. Though the board has felt nothing is wrong, these agencies feel differently and they will enforce the law.

The Guild has lost the Delaware Jockeys' Health Fund. The Delaware Commission has had it with the Guild's lack of responsibility and fraud, and has order the funds to be frozen and a state base administrator to manage the fund. California will not be far behind.

I think as COB you should have been in contact with the membership to see how they have felt about the Guild and Dr. G. Call any Delaware member where they have petitioned the state for a new administrator for the Delaware fund. Ask Jerry Bailey or Frank Douglas about the episode the day before the Preakness. You won't hear about Taft-Hartley, you will hear about embarrassing and disgusting behavior from Dr. G. Call Weldon Cloninger about the five checks from the Guild that just bounced. I guess this once again will be blamed on me. The board never even took the time to investigate the first set of lies. Lie detector tests are admissible within a company, so let's all take one to see who is telling the truth. My attorney is fulfilling that responsibility for the board. Contact Richardo Valdez and ask if his family has coverage after he has twice filled an application and the Guild sent him health cards for his family. Ask Eddie King, Paul Atkinson, or Deirdre Panas if they have been provided with any requested documentation. The ineptness just doesn't end.

I am quite confident in what I have done is right. I can see the big picture Tomey and it is not what I have seen since we changed management. Dr. G has lied to the board and membership numerous times. He has manipulated and convinced the board to take care of himself first. I am ashamed of the board's lack of action and I have a responsibility to the members of inform them of the truth. The heat will soon be turned on high; do not fail in your responsibility this time.

Sincerely,

Robert Colton

RC 0648

TAB 62

April 25, 2003

Robert Colton
401 Fifth Avenue
Wilmington, DE 19808

RE: JOCKEYS' GUILD, INC.
134 E Chestnut
Monrovia, CA 91016
626-305-5605

Non profit corporation registered in Nevada in 2002
Formerly registered as a non profit in New York

Former address:
PO BOX 250
Lexington, KY 40588-0250

To Whom It May Concern:

As both a former employee and member of the board for the Jockeys' Guild, Inc., I am very concerned with the current management. The Guild is a small nationwide labor organization that represents jockeys. We were convinced in June of 2001 by Dr. Wayne Gertmenian to change management to a consulting firm, Matrix Associates that is owned by him. I worked briefly for Matrix in the beginning of this year and was appalled by the lack of record keeping and the blatant disregard for the members' money and IRS regulations. Enclosed is the 2001 audit which the accounting firm "was unable to conduct an audit of statements of activities and cash flows in accordance with auditing standards generally accepted in the United States of America", along with a memorandum of internal controls and operating efficiencies.

Listed below are some of my concerns:

Employee Hiring:

- Employees are encouraged to be hired as "consultants"
- Hourly wages with no taxes withheld
- Few 1099s issued

Guild President Benefits:

- Rent payment to Mr. Gertmenian with no 1099 issued
- \$12,000 insurance annuity with no 1099
- Automobile lease and insurance for private use with no 1099
- Business expenses in excess of \$25,000 with little or no documentation

Employee Benefits:

- Apartments, utilities, and furniture rental are paid for by the Guild for both employees, "consultants", and Matrix employees
- "Internal Meals" (approximately \$40,000 for 6-8 employees) was paid by the Guild for any receipt turned in with no documentation for business purpose
- Direct payments made to personal credit cards
- Travel paid for without any documentation for business purpose

Matrix "consultants":

- Approximately \$900,000 in salary, payments, and other forms of compensation with few 1099s issued
- Payments made for miscellaneous personal expenses with no 1099s

Membership issues:

- Mid March, 2003, \$365,000 was owed by its 1,000 members for unpaid membership dues and health insurance premiums. Over \$250,000 was for less than 150 members, some of who were more than one year behind in health insurance premiums
- No 1099s were issued for disability income paid for by the Guild (\$465,000)

Accounting issues:

- The Guild's 2001 audit was unable to be conducted in accordance with auditing standards generally accepted in the United States of America.
- No audits were conducted in 2001 for the Disabled Jockeys' Fund, California Jockeys Health Fund, and the Delaware Jockeys Health Fund. Previous to the new management these audits were conducted on a timely basis.
- Several of the banks accounts have not been reconciled for almost two years.

Sincerely,

Robert Colton

TAB 63

Fax

To: Jockeys' Guild Board of Directors From: Tomey Jean Swan

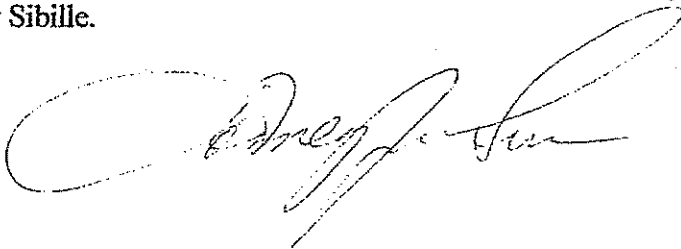
Fax: 210-566-3602 Pages: 9 including title page

Phone: 405-627-6514 Date: 3/24/2003

Re: Matrix Capital Associates Contract CC: Board of Counselors

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

In consideration of those issues raised at our board meeting, I have created a standing Financial Committee of the Board, charged with receiving and reviewing in-depth the financial statements at regular intervals. The Committee will be comprised of the Chairman of the Board, Tomey Jean Swan; Treasurer, Eddie King, and one Board Member-at-Large, Ray Sibille.



TAB 64

[REDACTED]

From: Richard B. Shapiro [REDACTED]
Sent: Saturday, October 15, 2005 5:59 PM
To: Feddo, Tom
Subject: Re: Jockeys' Guild

Tom:

I have checked with our staff, and to my personal knowledge, the California Horse Racing Board has never conducted any audit of the Jockey's Guild. We have been discussing, hiring an auditor to conduct an audit of the California Health Insurance Program, and all aspects of that plan and monies that are derived from California racing. We still have not satisfied ourselves on issues of concern, and would like to have a clear understanding as to the disposition of all monies provided to the Guild for the benefit of health services and coverage provided to the California Jockey Colony. If I can answer any additional questions, please do not hesitate to contact me. Richard B. Shapiro, Commissioner, California Horse Racing Board.

Mr. Shapiro,

In the Jockeys' Guild's recent response to the Subcommittee on Oversight and Investigations' subpoena for records, the Guild's legal counsel states that "Delaware and California both investigated complaints and audited the Guild and both found no problems. They also did not make a written report which apparently is their practice as well."

Could you please confirm, has the State of California, since 2000, ever itself audited the Guild, with respect to the funds provided by the State to the Guild, or in any other respect?

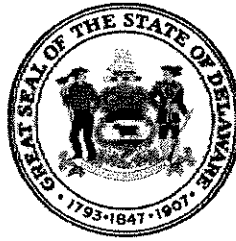
Thank you.
Sincerely,
Tom Feddo

Thomas P. Feddo
Majority Counsel
U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
316 Ford Building
Washington, D.C. 20515
202.226.2424

Richard B. Shapiro
[REDACTED]

10/16/2005

TAB 65



DELAWARE THOROUGHBRED RACING COMMISSION

MEMORANDUM

Date: October 14, 2005

To: Mr. Thomas Feddo, Majority Counsel, U.S. House of Representatives

From: Mr. John F. Wayne, Executive Director, DTRC

REFERENCE: Electronic mail from Mr. Tom Feddo regarding a request for information regarding Jockey's Guild response to recent Subcommittee on Oversight and Investigations subpoena for records and the Guild's counsel's response claiming that "Delaware and California both investigated complaints and audited the Guild and both found no problems..."

Your request also included whether or not the State of Delaware since year 2000 ever itself audited the Guild with respects to the funds provided by the State of the Guild or in any other respect.

I shared this e-mail transmission with the Chairman of the Delaware Thoroughbred Racing Commission, Mr. Bernard J. Daney who also serves as an Ex-officio member of the Delaware Jockey's Health and Welfare Benefit Board. His comments are as follows:

"As you know we have never examined any documents nor have we had any accounting firm or law firm examine any documents of the Guild. In fact a number of times we have asked for breakdowns to know avail. Since the Jockey Board controls the funds we have not paid them for the last six months, asking for an explanation of each line of expenses. We were told they were too busy to supply the info. We have never been satisfied with the way they operated that's why we had the law changed. "— Mr. Bernard J. Daney, Chairman DTRC, Ex-officio member Delaware Jockey's Health and Welfare Benefit Board.

Memorandum, Mr. Tom Feddo,
Page 2 of 2

Since I have been appointed Executive Director/Administrator of Racing for the Delaware Thoroughbred Racing Commission on March 1, 1999, the Delaware Commission has never audited the Jockey's Guild. In fact the Commission had little influence over the annual money that was paid into the Delaware Jockey's Fund until The Honorable Ruth Ann Minner, Governor of Delaware signed legislation in August, 2004, specifically, Senate Bill 338 which formed the Delaware Jockey's Health and Welfare Benefit Board. The Board now has oversight of the \$350,000.00 plus adjustments for inflation that is appropriated annually out of purses and video lottery monies. Furthermore, the appropriated money is maintained in an account within the State of Delaware, under the authority of the Delaware Department of Agriculture and Racing Commission.

However, the Jockey's Guild has provided "audits" that they have conducted which did not contain any financial accounting and were more along the lines of policy statements.

Please let me know if I can be of further assistance to your committee.



TAB 66

Matheson, Clayton

From: Greenwood, Sheila - OCIA [REDACTED]
Sent: Monday, October 17, 2005 9:29 AM
To: Matheson, Clayton; Auerbach, Andrew - SOL
Cc: Iverson, Kristine - OCIA; Sullivan, Adam - OCIA; Flynn, John - OSEC; Redmond, Sean - ESA; Saad, Sam - SOL
Subject: RE: Official Confirmation

The Department of Labor (DOL) has never audited the Jockeys' Guild and no written report of an audit has ever been issued. In May of 2005, the DOL concluded that the Guild is not a labor organization for purposes of the LMRDA because it is composed of independent contractors and, therefore, the Jockeys' Guild is not subject to DOL enforcement.

From: Matheson, Clayton [mailto:[REDACTED]]
Sent: Thursday, October 13, 2005 3:02 PM
To: Greenwood, Sheila - OCIA
Subject: Official Confirmation

Ms. Greenwood,

In the Jockeys' Guild's recent response to the Subcommittee on Oversight and Investigations' subpoena for records, the Guild's legal counsel states, "The DOL made an audit and found no problems, and they did not make a written report which apparently is its practice."

Could you please confirm, has the Department of Labor, since 2000, ever itself conducted an audit of the Guild's finances or any of its operations?

Thanks for your help.

Clayton Matheson
Majority Investigator
U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
316 Ford Building
Washington, D.C. 20515
202.226.2397

10/17/2005

TAB 67



September 13, 2005

Mr. Thomas Feddo
Majority Counsel
Subcommittee on Oversight and Investigations
House Energy and Commerce Committee
2125 Rayburn Bldg.
Washington, D.C. 20515

Dear Mr. Feddo:

The enclosed document (a letter to Chairman Whitfield from Lloyd Ownbey Jr. dated August 17, 2005) was brought to my attention as being posted on the Jockeys' Guild website.

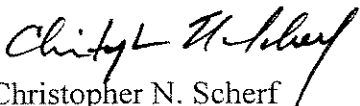
Of most concern to me is the misstatement of facts in item 3 in the letter. Tracks do not require jockeys to sign a waiver of suit for the standard on-track accident coverage of \$100,000 in medical coverage in non-workers' compensation states. This insurance, when purchased by the racetracks, does not require the jockeys to sign anything to be covered under the terms and conditions of the policy.

In states where workers' compensation insurance purchased by owners and trainers covers the jockeys' work-related accidents, the tracks were persuaded by the Jockeys' Guild to purchase a catastrophic accident policy to provide a lump sum payment to riders suffering plegia, permanent total disability, or death. The payout is \$100,000. If, however, a jockey elects voluntarily to sign a waiver of suit against the racetrack, then the maximum payout can range from approximately \$400,000 to \$1,400,000, depending on the type of injury and the jockeys' earnings in previous years. The Guild's representation of the insurance coverage and the waiver is grossly erroneous.

In item 6c, the statement Florida and West Virginia require waivers of liability is wrong.

In item 11, the excess accident medical insurance purchased by the Guild for its members did not come through the TRA in any way. (Although TRA was not involved, it is my understanding that all Guild members were covered. Obviously, it did not cover riders in workers' compensation states, but it did when those jockeys rode outside their home state in events such as the Kentucky Derby where there was not any workers' compensation insurance.)

Sincerely,


Christopher N. Scherf
Executive Vice President

cc: Corey Johnsen, President, TRA

TAB 68

From: Mark.E.Mathias@marsh.com
Sent: Friday, January 09, 2004 3:56 PM
To: srice@jockeysguild.com
Subject: RE: RE: Jockeys' Guild - H&W

Your statement confuses me. your auditors are foolish if they only want to include the claims only costs of the plan in each of these states. You cannot limit the costs associated with DE or CA to the claims only. There are administrative fees (ie, p5, PHCS, SafeCo, Marsh, the Jockey's guild) that go beyond the claims costs.

You cant recreate an insurance company, be self insured, without the infrastructure. There is just less of it in the self funded mode. CA and DE have to pay for those in addition to the claims costs.

<<< Memo from srice@jockeysguild.com@Internet on 09 January, 2004, 09:32 Friday >>>

srice@jockeysguild.com@Internet on 9 Jan 2004, 09:32 Friday

To: Mark E Mathias
cc:
Subject: RE: RE: Jockeys' Guild - H&W

The inclusion of the actual claim information is destroying the plan. Both in CA and DE, the actual claims are lower than the premiums paid for the participants in the two states. Both states want to pay for actual claims only... DE, although, has a better understanding of it.

Do you agree? Or am I way off base? Is there anything we can do to convince the auditors to retract that information from the next audited statements?

STEPHEN J. RICE
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----
From: Mark.E.Mathias@marsh.com [mailto:Mark.E.Mathias@marsh.com]
Sent: Friday, January 09, 2004 8:46 AM
To: srice@jockeysguild.com
Subject: RE: RE: Jockeys' Guild - H&W

Steve, Please give me a couple of dates and I will be there.

<<< Memo from srice@jockeysguild.com@Internet on 08 January, 2004, 13:43 Thursday >>>

srice@jockeysguild.com@Internet on 8 Jan 2004, 13:43 Thursday

To: dpiazza
cc: lmarlette (bcc: Mark E Mathias)
Subject: RE: RE: Jockeys' Guild - H&W

My concern, Dana, is that the submission of the CA only claims may destroy the national health and welfare plan. California has already made the statement that they would be willing to pay for individual claims, especially in 2002 because they were lower than the premiums. What they are suggesting is that the California funds available become its separate insurance program.

A much deeper explanation of the health insurance program is needed when the CA only claims are presented. I am going to setup a conversation with Mark Mathias to better explain the details of the program and the threat of disclosing such information.

STEPHEN J. RICE
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----
From: Dana Piazza [mailto:dpiazza@pdmaccounting.com]
Sent: Tuesday, January 06, 2004 11:02 AM
To: srice@jockeysguild.com
Subject: Fwd: RE: Jockeys' Guild - H&W

Hi Steve - Mr John Regan of the California Horse Racing Board requested our firm to put into the audit report the estimated cost of the self insurance program and the actual cost of the insurance claims paid pursuant to the Guild's self insurance program. Please note, that the Guild changed it's accounting method of recording health and welfare costs incurred in the year 2002, which is required to be disclosed in the financial statements. Please call me when you have a moment.

Dana N Piazza , CPA
Piazza, Donnelly & Marlette, LLP
310-540-4118 x227
310-543-2051

To: dpiazza@pdmaccounting.com@Internet
cc: lmarlette@pdmaccounting.com@Internet (bcc: CN=Mark E Mathias/OU=LOS-CA/OU=US/OU=Marsh/O=MMC)
From: srice@jockeysguild.com@Internet

To: Mark E Mathias/LOS-CA/US/Marsh/MMC@MMC
cc:
From: srice@jockeysguild.com@Internet

TAB 69

From:
Sent:
To:
Subject:

Jenny Arnold [jarnold@pdmaccounting.com]
Tuesday, January 06, 2004 12:58 PM
Dana Piazza
Fwd: RE: Jockeys' Guild - H&W



3 - Tier Rating (153
KB)

He sent me the information, however, per the paragraph below, he doesn't want me to use it. Please email him re: his request. Thanks!

Jenny R. Arnold, CPA
Piazza, Donnelly & Marlette, LLP
(310) 540-4118 x235
FAX (310) 543-2051

>>> "Stephen J. Rice" <srice@jockeysguild.com> 12/08/03 09:53AM >>>
I will provide you request #1 shortly.

Regarding request #1, I apologize ahead of time for being so adamant about this issue, only because it caused me so much explaining of how insurance works. I am negotiating into the Agreement between the TOC and Guild that only aggregate insurance numbers are to be provided in the audited report. Worst-case scenario, I would prefer the California and Delaware specific claim information (Note 2, last paragraph) not to be in the respective reports. If you still insist, I want to see documentation on why you are required to include this information.

#2 - if you provide the list I can provide the paperwork.

#3 - Attached to this e-mail [Re: 3 - Tier Rating] is the requested information.

STEPHEN J. RICE
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----
From: Jenny Arnold [mailto:jarnold@pdmaccounting.com]
Sent: Friday, December 05, 2003 2:47 PM
To: srice@jockeysguild.com
Subject: Jockeys' Guild - H&W

Hi Steve,

I would like to begin on the health and welfare reports next week also.

Can you please provide the following:

1. The P5 claims paid, sorted by state. The excel report you sent on disk last time worked well.
2. We need a way to verify what the jockeys' claim - single, married, dependent. Can we select some jockeys' and you provide the paperwork they turn in to you? If not, what is the best way to test this?

3. Is there paperwork that says that the estimated costs (I believe provided to you by Marsh) have not changed? If not can you just resend the paperwork that showed their calculation of the estimated costs per jockey?

Give me a call if you have any questions. Thanks!

Jenny R. Arnold, CPA
Piazza, Donnelly & Marlette, LLP
(310) 540-4118 x235
FAX (310) 543-2051

TAB 70

[REDACTED]

From: Lisa Stirling Haley [lhaley@jockeysguild.com]
Sent: Tuesday, May 20, 2003 5:07 PM
To: 'Stephen J. Rice'
Subject: RE: AMEX...Need additional documents...

Stephen -

I put a copy in your box. I also have some other documentation if you need it, but the rental agreement is there. (There is a file on my desk of invoice and rental stuff...833 Foothill is all there. ---help yourself anytime.)

Lisa

-----Original Message-----

From: Stephen J. Rice [mailto:srice@jockeysguild.com]
Sent: Friday, May 16, 2003 10:26 PM
To: Lisa Stirling Haley/Jockeys' Guild
Subject: FW: AMEX...Need additional documents...

Lisa-

I need to get a copy of the lease agreement for the Chestnut address.

STEPHEN J. RICE
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----

From: Jeff S Greene [mailto:jeff.s.greene@aexp.com]
Sent: Wednesday, May 14, 2003 8:52 AM
To: srice@jockeysguild.com
Subject: AMEX...Need additional documents...

Dear Stephen:

Sorry, but because your D & B background check showed your address in Lexington, KY we are going to need some additional documents.

Please fax me these two documents.

- 1.) Your Lease Agreement (from your Monrovia address)
- 2.) Your Articles of Incorporation (just the one page document with the State Seal on it).

Any questions, give me a holler.

Thanks again.

Sincerely,

Jeff Greene
Acquisitions Executive

(602) 537-2424